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Diversification

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by

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Most South Dakota farmers practice diversified farming, that is, they have more than one important source of income. General farming, which means that several kinds of crops and classes of livestock are raised, is really diversified farming. The old one-crop system is rapidly disappearing. Even on the so-called specialized farms there is quite a degree of diversification. For instance, if hogs are the chief product sold on a given farm, the income may be from market hogs and from breeding stock. On such a farm corn will be raised to feed the hogs, some oats will be grown for horse feed and doubtless a few cows and chickens will be kept. The real question is not whether one should diversify or not, but rather how far he should carry the process. The real problem for a farmer is not so much to find out what crops and kinds of livestock are most profitable, as it is to determine what combination of enterprises will result in the largest net income for the year. This problem is different on every farm, for no two farmers have the same amounts of land, labor, capital and managerial ability. Our records show that farms having a fairly high degree of diversity (from three to five important products) are usually more profitable than those having fewer sources of income. Some very good reasons why diversification pays will be discussed in the following paragraphs.

Cooperative Extension Work in Agriculture and Home Economics, W. F. Kumlien, Director. Distributed in furtherance of Acts of Congress of May 8 and June 30, 1914.

Diversification Distributes the Demand for Labor Thruout the Year

One can grow all of the corn that he can take care of at cultivating time and still raise some small grain and care for a certain amount of livestock. Diversification will not entirely prevent the occurrence of rush seasons and slack seasons in the work on a farm, but it will distribute the demand for labor more evenly thruout the year and will enable a man and team to work more days a year on profit-producing enterprises than would be the case if diversification were not practiced. Coal miners and carpenters do not like to be laid off, because the more days they work in a year, the more money they make. The same principle holds true in farming for the greater the number of days a farmer works producing crops and livestock, the greater his income is likely to be.

Diversity Reduces the Cost of Horse Labor

By distributing the demand for labor more evenly thruout the year, diversity makes it possible for horses to work more days or hours in a year than they otherwise would. Let us see what effect this has upon the cost of horse labor. On the cost route at Oldham in 1922 the average cost of keeping a work horse was $81.16. The average number of hours worked per horse on these 21 farms was 813, which gave a cost of 10 cents per hour. Compare this average with the costs on three other farms in the State the same year.

Yearly cost of keeping horse	No. hours each horse worked during year	Cost per hour of horse labor	Horse labor cost to produce an acre of corn
$79	913	8¢	$3.60
$87	564	15.4¢	$6.93
$98	465	21.2¢	$9.54

It takes about 45 hours of horse labor to produce an acre of corn.

Diversity Lessens the Risk of Total Failure

Diversity is a form of insurance against loss. It is not likely that the weather or insect pests or plant diseases will destroy all of the crops on a farm. Neither is it likely that the prices of all kinds of livestock will be low at the same time. Diversity implies a uniform acreage of speculative crops like potatoes and wheat. It lessens the ups and downs of profit and loss and tends to stabilize the farm income. It is never safe to carry all of one's eggs in one basket nor is it usually wise to risk a whole year's labor on one crop or one livestock product.

Diversification Implies a Crop Rotation

While a diversity of crops may be grown without following a definite rotation, diversity usually results in a cropping system that does much towards keeping down weeds, maintaining the fertility of the soil, providing feed crops for livestock and avoiding peak loads of labor. This kind of diversity makes for safe, satisfactory and profitable farming.

At the club meeting:

1. Find the crop acres per horse by dividing the number of acres in crops by the number of work horses.

2. Likewise find the crop acres per man by dividing the number of acres in crops by the number of years of man labor.

3. Find the approximate cost of keeping a work horse on your farm this year by estimating the probable value of each item of cost in the following table.

Item of Cost	Approximate Average Cost, 170 horses on 18 farms, S.D. 1922	Estimate for My Farm This Year
Roughage, 3.3 tons	$20.83	
Oats, 53 bu. @ 25¢	13.25	
Corn, 16 bu. @ 41¢	6.56	
Pasture	6.00	
Labor, 57 hrs. @ 24¢	13.68	
Depreciation	10.50	
Interest on Investment	4.16	
Taxes, ½ of 1%	.26	
Shelter	5.18	
Shoeing, veterinary, etc.	1.00	
Total	$81.42	
Average number hours worked per horse, 617		
Average cost per hour, 13 cents.		

4. Compare your results with those of other members of the club. Could you plan your work so that you could get along with fewer horses than you now have?